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Review of INTERNATIONAL AFFAIRS

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JOINT COMMUNIQUE ON THE VISIT OF THE PRESIDENT OF INDONESIA TO YUGOSLAVIA

FOLLOWING the invitation of the President of the Federal People's Republic of Yugoslavia, Josip Broz Tito, the President of the Republic of Indonesia, Soekarno, was on a state visit to the Federal People's Republic of Yugoslavia from September 12 to 18, 1956.

President Soekarno was accompanied by the Minister for Foreign Affairs, H. Ruslan Abdulgani, the Second Deputy President of the Parliament, Aruji Kartavinata, the members of the Parliament, Sukiman Viriosanjojo, J. Leimena and Sutarto Hadisudibio, and officials of various branches of administration and officers of the air, naval and land forces, The President's suite also included a group of Indonesian journalists.

In the course of the visit President Soekarno and other Indonesian officials toured various industrial establishments and scientific and cultural institutions in the Yugoslav capital Belgrade and in the People's Republics of Bosnia-Hercegovina and Croatia. President Soekarno and his associates expressed their gratitude for the cordial hospitality and welcome given them by the President, the Government and the people of Yugoslavia. The visit strengthened the bonds of friendship and furthered the understanding between the two countries.

During the visit talks took place, in which Indoneisia was represented by: President Soekarno, the Foreign minister, H. Ruslan Abdulgani, the Ambassador of the Republic of Indonesia to Yugoslavia, Sudarsono, the Director of the President's cabinet, A. K. Pringodiglo, and the Chief of the Foreign Ministry's Department tor Studies and Press, Savito Kusomovidalgo. Yugoslavia was represented by: President Tito, the Vice-Presidents of the Federal Executive Council, Edvard Kardelj, Aleksandar Ranković and Svetozar Vukmanovlć, the State Secretary for Foreign Affairs, Koča Popović, the State Under-Secretary for Foreign Affairs, Srdja Prica. and the President's general secretary, Joža Vilfan.

The talks were conducted in an atmosphere of cordiality, understanding and mutual respect, and they covered international problems and matters concerning Yugoslav-Indonesian cooperation.

As a result of the talks the two Parties agreed to announce the following:

1) Both Parties express the conviction that relations between Yugoslavia and Indonesia, as well as between all other states, should be based on the policy of active and peaceful coexistence, on the principles of equality, mutual respect and territorial integrity and sovereignty, non interference and on the recognition of the right of every state and nation to independent development, regardless of the existing ideological, social, economic and other differences — on the principles which were upheld at the conference in Bandung.

In view of the present expectations and requirle ments of the peoples in the world, they particularyemphasize the conviction that all outstanding international problems should be settled exclusively by peaceful means and by methods of negotiations and understanding.



Koča Popović and H. Ruslan Abdulgani signing the communique

- 2) In their exchanges of views on the present international situation, both Parties acted in conformity with this spirit and these principles.
- a) Both Parties consider that the advance already made in the development of international relations necessitates full and equal participation of all states, big and small, in international life, and that endeavours should be made to enable their equal role to come to full expression in the solving of the problems in the world.
- b) Both Parties hold that the unequal economic development of the countries of the world is one of the fundamental causes of international instability. In connection with this, they consider that the countries in which owing to colonialism or other historical conditions, economic develoment was made difficult, should be granted technical assistance in order to decrease and remove this inequality. This assistance, with no political conditions attached, should aim at harmonizing economic development in the world.

It is at the same time necessary to respect fully the right of such countries, as sovereign states, to exploit freely their national wealth and resources.

c) Both Parties underline that colonial problems, which still exist in many parts of the world today, such

as the problem of West Irian, are sources of international tension, and that it is therefore necessary to exert efforts to settle them as soon as possible. Therefore, they express their support to the process of the emancipation of still backward countries.

d) In connection with the situation caused by the Suez canal problem, both Parties express their deep anxiety and hold that this problem should be solved in a peaceful way, without any threats of force and on the basis of the respect for the sovereignty and dignity of Egypt, and by paying due attention to the principle of free navigation.

Both Parties consider that a solution to this problem cannot be reached by arbitrary action of only one group of canal users, and, therefore, they appeal to all states which accept the above mentioned principles to support actively and in an organized way, the efforts to find a negotiated agreement.

e) With the aim of realizing the principle of the universality of the membreship of the United Nations; both Parties agree that the countries which are not yet members and which fulfil the requirements under the Charter should be admitted to the United Nations without any further delay.

In connnection with this, the legal right of the People's Republic of China to a seat in the United Na-

tions should be realized as a constructive contribution to world peace.

- f) Both Parties consider that a decrease in arm ments and the banning of the atomic and thermonucle weapons, even for experimental purposes. would be a essential contribution to world peace. They therefo agree that it is necessary to exert efforts, primari through the United Nations, to reach international agreement in this direction.
- 3) Both Parties express the readiness to expar cooperation in the technical and economic fields, as we as to increase their mutual trade for which exceller conditions exist.
- 4) To advance the mutual understanding betwee the peoples of Yugoslavia and Indonesia, both Partic are resolved to expand their cultural cooperation be exchanging delegations of students and leading personalities in the fields of culture, arts and science.
- 5) The President of the People's Republic of Yu goslavia Josip Broz Tito. has accepted, with gratitud the invitation of the President of the Republic of Indonesia, Soekarno, to pay an official visit to Indonesia.

The State Secretary for Foreign Affairs of Yugo slavia, Koča Popović.

The Minister for Foreign Affairs of Indonesia

Ruslan Abdulgani.

Belgrade, September 17, 1956.

ON THE SAME ROAD

THE President of the Republic of Indonesia, Dr Ahmed Soekarno, is coming for an official visit to Yugoslavia. The respective positions of this independent Asian country and of Yugoslavia in their respective continents and in broader world relations which are more and more permeated with the spirit of active coexistence, make it already clear that the visit of the Indonesian Premier to Belgrade is something more than common courtesy or an occasion for manifestations of mutual feelings between peoples and Governments of the two countries. Just as President Tito's previous visit to India and Burma, to independent Asia in general, was a significant development in the forming of the present policy of peace and active coexistence, so the present visit of the eminent Asian statesman to Yugoslavia can be expected to contribute to the further affirmation of such policy, in accordance with the enlarged possibilities, offered by the improvement in the world

It is already a positive fact, recognized by the whole world, that the young and independent Asian countries have, by their development and activity — at home as well as on the world arena — exhibited such a degree of maturity that the world is justified in counting on them as on the most active co-worker in the efforts to stabilize recent peace and promote general progress. It is generally known that during the recent years an actively peaceful policy has sprung from the soil of the undeveloped regions, where anti-colonial revolutions

have of necessity changed the face of countries. The historical Bandung conference in April 1955 has expressed the highest sense of this policy, in which are manifested the lasting and widespread aspirations of the Asian -African peoples to direct their forces along the line of independence and equality with other peoples, the line of international co-operation on the basis of democratic relations between peoples. These peoples, of whom we can say with certainty that they are vitally and inevitably linked with the interests of peace by the intrinsic logic of their desires and aspirations, happily direct their forces to the preservation and consolidation of peace in the world and to the development of coexistence on the basis of the recognition of elementary democratic principles in international relations. The people of independent Asia, who for long had carried the burden of ageold colonialism and who had broken the back to the colonial system with its own forces, are striving to realize their aspirations in harmony with the vital need to preserve and consolidate world peace as an essential condition for the inner transformation of Asia and for the establishment of just relations in the international community. The world peace front has thus been considerably enlarged, and the cause of conciliation and balanced peaceful development received a strong impulse and new strength which will be able to resist all eventual contrary tendencies.

Thanks to such an orientation, the policy of independent Asian peoples becomes strengthened in its



eaceful efforts on the plane of world policy in the pirit of the well known principles of coexistence. The resent policy of world peace presupposes a high degree rapprochement and collaboration between Asian and uropean peoples. The visits of the Indian and Burmese remiers, Nehru and U NU, to European countries, Yuoslavia included, were in line with this policy. These vo eminent representatives of modern Asia have toured number of countries in Europe and America order to et acquainted with the problems and intentions of others nd to make known their views and expectations to the est of the world. Their tours were always significant ontributions to the strengthening of international coperation and to the relaxation of tension in world retions. Their activity, as well as numerous other examples f active work for peace, bear witness to the intensified ole of the independent Asian countries in international elations, and still more to the fact that the world has ow safely entered upon a stage of development where onflicts and problems can no longer be settled by the ntiquated instruments of the past colonial age, but only rough peaceful understanding and mutual concessions, the spirit of respect of mutual obligations and rights f every people.

An outstanding place in this peaceful policy of sia is held by the young Republic of Indonesia. Ithough an Island nation and geographically far removed, he is neither standing aside from central world developments, nor is politically isoloted. On the contrary,

she is one of the most conscious parts of new Asia which, having long suffered the agony of colonialism, has now embarked upon the path of emancipation and is becoming and ever mere decisive factor for peace in present day world politics. She has played a prominent part in the decisive factor between colonialism and anticolonial forces in the recent past, and today, in the shaping of the present policy of coexistence, the Republic of Indonesia and the architect of her independence and progress, President Soekarno, deserve to be honourably named as champions and front-line toilers for this goal.

Indonesia has easily found a cammon language with Yugoslavia as the latter has always and consistently followed the policy of peaceful international cooperation in the spirit of active coexistence and the respect of every people's right to equality and independence. Indonesia's first statesman, having behind himself the prestige of his country and the support of free Asia, has met in Yugoslavia with a singularly warm reception, with friendly feeling and respect. Coming with the great mission of upholding peace and coexistence, he found in Yugoslav peoples and their President Tito resolute fighters for the stabilization of world pace, for a democratic settlement of existing conflicts and for the establishments of such international relations as would correspond to the present stage of world development. That is why, notwithstanding the fact that Indonesian-Yugoslav acquaintance and cooperation are of recent date, this significant visit and the talks which will be conducted by President Soekarno in Belgrade can bring only the best both for the peoples of the two countries and for the common cause of those countries which consider the consolidation of peace on the basis of active coexistence is the most beneficial and only alternative to the policy of blocs, of pressure and destruction. The similarity of past sufferings and experiences of Yugoslav and Indonesian peoples, the similarity of the efforts of both countries for their wellbeing, the Yugoslavia's unequivocal support of the peoples of backward continents in their struggle for emancipation and independence, common attitude towards the outstanding problems of the world and the methods for their solution - all those make a sufficiently broad and firm foundation for the promotion of mutual ties and cooperation in all fields, to which this visit will certainly contribute in the interests of both countries and of peaceful cooperation all over the world.

YUGOSLAV - INDONESIAN ECONOMIC RELATIONS

V. MESARIĆ

THE economic relations of Jugoslavia with the countries of Southeast Asia and the Far East are ualitatively different from these before the war. Being an underdeveloped and prevalently agricultural country the pre-war Yugoslavia purchased from these areas only small number of products such as cotton, jute, rubber and spices. Almost the same may be said of Yugoslavia

export articles. As her exports consisted mainly of agricultural produce, crude metals and timber, only a small number of industrial products could be of interest to these countries. The number of articles exchanged with these countries was therofore limited, the trade with them small and canducted mostly through the merchants of other countries. Pre-war Yugoslavia, being itself eco-

nomically dependent, had on the whole no strong economic interest to develop such cooperation, nor were the leading political forces of that time capable of realizing it. The countries of Southeast Asia were themselves in varying degrees dependent on colonial powers, through which the bulk of their trade was conducted.

The huge political changes that had occurred during and after the Second World War resulted in the emergence of a number of free countries in Asia and Africa as well as the rise of new socialist Yugoslavia. Under the conditions of free development, these countries effected great changes in their economic and social structure. They began to energetically change the direction of their foreign trade.

Under such conditions Yugoslavia began to systematically establish economic relations with the countries of Southeast Asia. Already in 1948 economic relations were established with India, Pakistan and Ceylon, and later, in 1953, with Burma, Indonesia and Thailand. The economic relations with Indonesia were established on June 11, 1953, with the signing of a trade and payment agreement. Some delay in the opening of economic relations with that country is easily explained by its geographic remoteness and other objective difficulties. The trade agreement stipulated the exchange of goods on the basis of agreed upon lists which included the most important products of both countries. The Indonesian list included rubber, copra, tin, coffee, tea, coconut oil, leather, and aluminium products, chemicals, various machines and equipment, ships and means of transport. The payment and the mutual crediting of exchange to the amount of 700,000 dollars. Both agreements were concluded for oneyear term, liable to be prolonged for one more year if not revoked three months before the expiration of the term. The agreements remained valid till June 11, 1956, when they were revoked by Indonesia, three months before the expiration of the term.

It is certainly interesting to analyze the exchange of goods effected during the validity of the trade agreement, to appraise its results and draw conclusions as to further prespects of economic cooperation and of exchange in particular.

The first year of the operation of the trade agreement, 1954, passed without any important results. It is understandable to a degree. Practically no direct trade or economic relations existed between Yugoslavia and Indonesia, and Indonesian foreign trade was practically in the hands of others. The little trade there was went through intermediary channels. The Yugoslav exports during 1954 amounted to 19.6 million dinars, and the imports to 101.8 million dinars.

The trade was more successful in 1955, but the success was modest when compared with the trade with other European countries.

The success was due to the experience acquired in 1954 including the visit of Yugoslav trade representative to Indonesia, to their better adaptation to the market, to the increased quantities of goods and to the opening of a steamship line. Yugoslav exports to Indonesia in 1955 amounted to 121,5 million dinars, which represent a five fold in relation to the preceding year. Imports from Indonesia were two times larger than in 1954 and amounted to 242.2 million dinars. Yugoslav exports included but a few articles such as cement, tanning extractions, glass and crockery. In 1955 it included new articles such as hops, matches, zinc and lead oxydes, tubing, carbide, nails, blue vitriol and lithopon.

The restrictions introduced by the Indonesian Go vernment towards the end of 1955 caused considerab difficulties to the Yugoslav export trade with Indonesi Imports from Yugoslavia were reduced to two article only: cement and rolled metal goods. True, the produc of other countries which had a clearing arrangemen with Indonesia were subject to similar, yet less heav restrictions. The trade was so much affected that dt ring the first half of 1956 trade was practically none xistent. In the course of the year 1956 some importar changes occurred in the Indonesian foreign trade polic Many restrictions and administrative difficulties wer removed. The reaction of Yugoslav enterprises to the changes was somewhat delayed, so that first export conracts were concluded only during the latter half of th year. Yet there are good prospects that trade figure would reach the last year's level before the end of th year, although there has been a protracted stagnatio during this year.

Summing the results of the Yugoslav-Indonesia trade up to the present, we can say that it was no satisfactory for either side. The instruments which pro vided a basis for this trade, notably the agreement o payments, did not play their intended role. The agree ment on payments, did not play their intended role The agreement on payments, which had to be the back bone of this trade never fully functioned. One amon the principal reasons for the failure of trade in 195 (besides the general delay in the realization of the agree ments) was the reduction of the use of clearing credi on the part of Indonesia, to less important articles s that the credit could not be used for either copra c rubber. The Indonesian authorities had probably som reasons for such conduct - it was perhaps due to th abuses in this matter by some other clearing countries But the objective effect of these restrictions was the the trade was hampered at the very beginning. Th system of the so-called parallel transactions, introduced late on with a final aim to ensure a favourable structure c trade to Indonesia, tied the export business to import and resulted in the slowing down of trade. Such imper fect application of the agreement on payments, and it subjection to a series of conditions and restrictions neces sarily brought the volume of trade to a much lowe level than could be expected. The agreement on payments thus applied, became undesirable for both sides. O course, it remains to be seen whether the agreemen could have been better realized by other methods no tably through joint consultations and the undertaking o



presponding measures in both countries according to previous understanding. Experience has shown that greements on payment can operate to the satisfaction both sides if they are correctly applied and if occaonal defects in its application are steadily corrected by int efforts.

There are some other aspects of our economic coperation with Indonesia that should be pointed out, irst, we must say that the manifold connections beteen our businesamen and enterprises have contributed of only to the expansion of trade but also to a better and more solid acquaintance with the economy and ther aspects of social life in both countries are today such more able to appreciate the importance of the rengthening of economic relations and trade. The estruments that regulated the exchange up to the preent, with all their limitations and modest results have tarked a significant stage in the development of Yugoav-Indonesian economic relations. The coming talks will undoubtedly take into account the experience from the past period, and will lay a foundation for a new and wider stage of economic cooperation. The dynamic development of the economies and the results achieved so far should also be taken into consideration during the coming talks. These results offer, in quantity as well as quality, new possibilities of economic cooperation and expansion of commodity exchange. The importance of economic cooperation is enhanced by the political cooperation between the two countries, which has lately achieved notable progress, culminating in President Soekarno's visit to Yugoslavia.

In Yugoslavia as well as in Indonesia there are today much greater objective economic possibilities than there were at the time when first economic arrangements had been concluded. These possibilities should be thoroughly studied and made use of on the occasion of the forthcoming trade talks between Yugoslavia and Indonesia.

Opinions on the current problems

AGGRAVATION

N. DUBRAVČIĆ

FEW people could have expected that the seven days' stay of the Menzies group in Cairo might ad, if not to a solution of the Suez crisis then at ast to direct negotiations or to the finding of some mamon points of contact. The world does not explain e failure of the five man mission primarily by the true ineteenth century manner in which it was conducted: nder the shadow of the Cyrpus coast batteries and Franconitish military threats and demonstrations. The explanaon of the absence of concrete results is sought by the world ublic where it can be found - in the absence of any oral or legal elements, by which the Menzies group ould defend the Anglo-French ultimatum. As the proosals brought by Menzies to Cairo consisted in essence an uncompromising demand for internationalization of ne Suez Canal, it could be safely predicted that no ositive results would be forthcoming. It is quite natural nd logical that an independent country could not accept solution based on complete negation of her elementary wereign rights over an integral part of her territory.

But if it could not bring about a solution, the fenzies mission could at least facilitate the quest for sethods of solution and be foremost in creating the mosphere and possibilities for a further quiet patient and equal negotiating for a peaceful solution of the risis. The opportunity was more than propitious, because resident Nasser — contrary to the main Western thesis the alleged Egyptian inflexibility — had, from first last, a realistic, sober and peaceful attitude. What is more, he offered a constructive basis negotiations and an agreement on Sucr based on the principles which

would ensure to all maritime countries the security and freedom of navigation through the Canal without any discrimination, technical development of the Canal in order to meet the future needs of navigation, and the fixing of equitable fees for the passage of ships. Nasser's counter-proposals, together with his previous declarations of his readiness to keep the Canal open and normally active and to fully compensate the shareholders of the old Company, have worked an essential change in the tense situation and opened a real prospect for the removal of danger and the beginning of negotiations which would lead to a peaceful solution of the fundamental international aspects of the Suez problem. The proposal of the Egyptian Premier left it out of doubt that Egypt was ready, even at the price of concessions on her part, to satisfy well founded claims of all countries which have an interest in Suez navigation.

The five-men mission did not profit by this opportunity to explain the good will of Egypt to London and Paris. By its inflexible and stubborn insistence on the Dulles plan of international control over the Suez, the Menzies mission achieved the opposite of what was expected by its initiators. The world public has get an opportunity to satisfy itself that Egypt was ready for a just and universally acceptable agreement, and that the position of Western powers was untenable. That it was untenable became obvious just in the course of the Cairo talks — so much so that even the members of the mission showed signs of disagreement and some of then undertook isolated actions, tending to a dissociation from the conclusions of the London conference. Nasser's

reasonable counter-proposals gave food for thought to many people in France and Britain who had so far supported the internationalization of the Suez; the rejection of the Egyptian offer made every objective observer ask: what are the Western powers really getting at by their campaign against Egypt, and what is the true meaning of the demonstrations of force and preasure brought against the country which has proved its readiness for a peaceful solution of the problem through negotiations according to the letter and spirit of the United Nations Charter? If the Anglo-French action tends primarily to ensure the freedom of navigation and the commercial interests of the countries using the Canal, - and the West assures us that such is the essence of the conflict — then one should ponder over the fact that the West rejects the proposals that offer just this — a free and normal functioning of the Canal and a safeguard of interests of all countries concerned. One thing is beyond all doubt: after the Cairo talks no one has any doubts about the seriousness of the situation which we call "the Suez crisis" and the world public has sufficient grounds to doubt the principled character of the French and British attitude and the motives of their anti-Egyptian action.

The Cairo meeting entailed not only a failure of a mission but also a defeat of a method for solving international conflicts. It proved that the method of pressure, of blackmail and threats of force is losing its support in the world and that it turns, like a boomerang, against these who use it. But this moral is apparently misunderstood in the West. After Menzies's debacle in Cairo, the developments around the Suez have taken the turn which, apart from worsening the situation, creates the danger of a complete irresponsibility and anarchy in international relations. Instead of trying to establish new contacts and negotiations on a reasonable and realistic basis, - a way so much easier because Egypt has given new proofs of its readiness to reach an agreement in the spirit of elasticity, understanding and justice - in the West the measures are taken which are likely to shut the door of peaceful negotiations. Let alone the fact that there is no real need to give such a direction to the Suez problem, these measures are of such character and entail such potential consequences direct threats that some kind of force would be used.

The London consultations between Eden and Guy Mollet after Menzies's return from Cairo dealt a serious blow to the efforts to end the Suez crisis in the spirit of peaceful realism. Their decisions were made known by Eden at a special Parliamentary session. Remaining fixed in their intransigent attitude, the two statesmen could find no other means for proving and realizing their "rights" but the incomprehensible decision to continue their military preparations in the Mediterranean and to "ensure the international control of the Suez Canal" in an extremely one-sided and hitherto unheard-of way. In order to achieve this aim, Britain and France have proclaimed their intention to immediately begin, with the participation of the USA, the forming of an "organization of users of the Suez Canal" which would, without any regard to Egypt, govern the Suez traffic, engage pilots and collect passage fees. Egypt would only be called upon to "provide facilities" for the working of this new Anglo-American company, and would get a



corresponding payment. "The organization will function whether Egypt wills it or not" - said Eden, pointing out at the same time that attempts at thwarting the work of the company on the part of Egypt or its refusal to "provide facilities" to the company, would be considered by the three Western governments as an act of violation of the 1888 Convention.

Almost simultaneously the old Suez Company called upon all pilots and skilled workers at Suez to leave work during the night between the 14 and 15 of September. These steps caused a considerable surprise in the world the more so because they came after a new Egyptian initiative for wider international negotiations, aiming at the revision of the Constantinople convention of 1888 and the conclusion of a new Suez agreement which would be adapted to the present conditions and would anew ensure the freedom of navigation. The appeal was sent to all countries using the Canal and has met with a widespread positive reception in the world. It is being pointed out from many sides that such negotiations - to which the Egyptian Government does not attach any conditions, either procedural or regarging the differences of attitudes towards the Suez problem would represent the most competent international meeting for the revision of the old Convention and elaboration that it becomes almost impossible to believe in the of a new one. The Egyptian proposal has awakened supposition that only the "maintaining of prestige" is new hopes that the dangerous crisis might be overcome involved. The prestige could never, least of all today, and a prospect opened for an elastic and peaceful solution be saved by giving orders to cruisers and troops or by of the problem in accord with the elementary rights of Egypt as well as with the international law and the principles of the United Nations Charter. It could be normally expected that the Western powers would use this opportunity in their own interest as well as in the common interest of peace to relax the tension and find a language of understanding and cooperation at the negotiation table. Instead of choosing this path recommended by realistic policy and by the inexorable logic of contemporary world development which daily widens the gap between this century and the last one, they again resort to the measures which not only remove the peaceful solution farther off but can also prove - according to the words of the Labour leader Gaitskell in the House of Commons - "very dangerous and provocative". The appeal to pilots to leave Suez, entailing manifold danger to the free and unhampered navigation, does clearly away with the illusion that the ensuring of navigation is the guiding principle of the West. The same can be said of the plan to form a new company outside of Egypt; such company would be illegal by any legal standards and it s unthinkable that such flagrant violation of Egypt's egitimate rights and sovereignty could be carried out without the use of armed forces. The first comments from Cairo infer that the Egyptian public and competent circles consider the recent moves of the West and of the old Suez Company as a dangerous attempt to jeo-pardize the Canal navigation and create the situation that could justify armed intervention.

However it may be, the latest move of London and Paris, together with the somewhat unexpected support of America, has led to an aggravation of the Suez crisis and a diminution of prospects that its solution might be ought by the means by which the internationally important conflicts can only be solved today: by a patient, quiet and peaceful discussion aiming at bringing closer

the differing views, based on mutual respect of legitimate rights and interests. Egypt has consented to make considerable concessions; there would be no cause for anxiety if the other side would also abandon its old-world position and approach the matter in a modern way. This would contribute not only to the peaceful ending of the dispute and to the consolidation of general conditions in that part of the world, but also to the strengthening of their own prestige which owing to such steps is on the decrease in the same measure in which are increasing the sympathies of the peace-loving world for the policy of peaceful cooperation and of solving problems by negotiation on the basis of respect for the equality, independence and sovereignty of all countries.

THE DUBROVNIK CONGRESS OF THE INTERNATIONAL LAW ASSOCIATION

Dr MILAN BARTOŠ

PRESIDENT OF THE INTERNATIONAL LAW ASSOCIATION

Prof. Dr. Milan Bartoš, President of the International Law Association, has kindly complied with our request to give us his opinion about the Dubrovnik Congress of the Association, held from 26 August to 2 September, 1/56 and has written the following article.

THE Dubrovnik Congress of the International Law Association is over. Today we can state with certainty whether it has had any influence on international situation. Authough according to its Statute this Association should be strictly con-cerned with legal and legalscientific questions excluding all poliics, I think nevertheless that the work of such a Congress cannot possibly be completely severed from political developments. Law n general, and international law in particular, is necessarily and ndivisibly linked with politics. Therefore every development in the field of Law is in the same time a political issue. If we add that the international Law Association aspires to draft law regulation required by the international life of our day, and that the regula-ions drafted by the Association appear in the international diplonatic stage - by being adopted and proposed by a certain counry it is clearly not indiferent whether such regulations are prepared through the discussions of a narrow circle of nations, or at an issembly, universal in its character or indeed universal by the nationality of its participants. Not voting, but crystalization of views s essential at such an assembly. If there is a possibility to observe this crystalization through the views of nearly all nations, then such an assembly will clearly be an embodiment of legal opinion from nearly all countries, or at any rate all lawful civilizations. The fact that the Congress in Dubrovnik was attended by the awyers from USSR, People's Republic of China, Poland, Bulgaria, Czechoslovakia, Hungary, Rumania, who never before — or at least for a long period did not take part in the work of the International Law Association, and that they were admitted as members, or at least as temporary participants in the work of the Association (with membership rights) by the majority of the Countries present proves that the character of this assembly of the countries present, proves that the character of this assembly has undergone a change. The Congress of International Law Association is no more a congress of kwyers from the countries belonging to one political bloc only, or from the countries outside of the blocs, and certainly not with the exclusion of those from the opposite bloc. The present Congress of the International Law Association is different from what it has been. It is now universal in its composition. The apprehensions that this new composition would make its work impossible, or deprive it of any results through the insurmountable differences of opinion, have proved unfounded. Lawyers of all countries have met on their own grounds, speaking the same legal language, able to understand each other,

to feel the need for their contribution to the development of international relations, and for their colaboration with this aim in view. Although there were differences of opinion, the Congress has pointed out that these differences do not preclude full cooperation and possibility of understanding through technical methods, which practically means full understanding. The differences on a number of problems were not due to the lawyers' being of this or that country, but to their correct or incorrect position towards a pro-blem. All those who have had correct views, who have understood the problems and started from the same principles of international have also come to the same conclusions, to a joint resolution they have agreed, notwithstanding the fact only yesterday they had supported the idea that there can be no cooperation between the two blocs, not even in the field of law. First contact has brought first confidences. We underline the word "first". It is necessary, because some people have doubts on whether this first confidence would lead to full confidence. They say the first confidence would lead to full confidence. fidence is dubious, being an expression of courtesy and feigned conciliatoriness, rather than a true and open confidence. Only a continuous atmosphere of confidence would give proof of full understanding. But we don't think so. For us it is essential that already at the first meeting the possibility of favourable atmosphere has been created, that already at their first meeting the lawyers have pointed to a new way which they want to tread, and have started on this way. It is important that this manifestation has been a strong one. We do not believe that this manifestation should be ascribed only to impulses of politeness, although they were present. In has been an effect of godwill manifested from both sides. Already the first contacts had brought not only that manifestation of goodwill, but also the awareness of political responsibility on the part of lawyers and their unwillingness to draw upon themselves the odium for being an obstacle to understanding. That is the same spirit of cooperation which is sought for in the international community. The lawyers working on international law have long been separated, and they are aware of what their responsibility towards the international community. lity towards the international community would be, should their separation continue. They also know that their manifestations of goodwill may contribute to the consolidation of peace in the world. Prompted by this awareness, they have started on the road of cooperation, giving their maximum to this goal. No, they have never transgressed the limits of their conscience and conviction. They have stopped at the border where their conscience is confronted with an opinion they cannot adopt. But stopping at that border, at the Congress in Dubrovnik they have proved their wish for loyal dissussion, their respect of others' opinion while keeping and defending their own. All this shows that sincere cooperation, inspired by goodwill, does not mean capitulation before the adversary, and does not impose the abandoning of one's own conceptions for reasons of courtesy.

The principal subject of the Congress has been "the legal aspects of tha peaceful active coexistence between states" - rather a dangerous subject for such a meeting. Frankly speaking, to many participants of the Congress it was not clear whether the subject was strictly legal, or mainly a political one. We think it is a legal question, but we admit that, like any other important and topical question of international public law, it cannot be separated from politics. Therefore the participants in the discussion of this question forwarded in the first moments some political views. remonstrating against those disputants who presented the question as a strictly legal one. At first it seemed that no approach was possible between the two groups. But the discussions, talks over lunch or dinner, over a glass of wine, with increased confidence, have caused minds to come closer and the opinions to become reconciled. Those that had held the view that it was a purely legal question have gradually come closer to the view that this legal question was not free from practical-political elements. Those who would present this question as a pure, matter-of-fact, practical politics have admitted that there was a legal structure enveloping this question. Thus, although at the end of the first session it appeared as if converging of views and joint resolution were not possible — two days before the Congress ended, two national groups, Yugoslavia, whose representative had submitted the chief report on this question, and Great Britain, whose representatives were opposing it, submitted a joint draft resolution, to the effect that the question was of especial significance and that it would be studied by an international committee to be set up. This goes to prove that the Congress has reconciled the opinions even where they seemed disunited at first sight. The Congress expressed the view that there should be no enforcement of solutions, that free discussion is asured, and that there is no problem so delicate that it could not be solved or at least discussed peacefully, in a measure in which it is a legal problem. Even the anxiety caused by the reports on Suez crisis did not cause a relapse into two blocs which would exclude any peaceful solution. On the contrary the prevailing spirit was that a solution should be sought in the conviction that it can be found. What is true concerning the principal problem, was true even morë for minor questions. Insofar as the questions were more technical in character, it was easier to approach them from a specialist viewpoint and to draw joint conclusions. The concusions were often reached through the reduction of problems by the opponents, who removed the irrelevant points which had caused the difference, and set out the essentials agreed upon by all sides and sufficient for a solution. The solution was considered essential, and the results have followed.

The Yugoslav group at the Congress occupied a special place. The important thing was that the group included many very young men, who showed perhaps more interest than competence, but in any case informed well enough to be no strangers to the problems they had to deal with. The Yugoslavs who submitted reports and sub-reports and took part in the discussions, were not behind their colleagues from othet countries, and in the commissions they were even among the best informed. This shows that in Yugoslavia there has sprung a group of men who know their job, who have mastered languages and the general theory of interna-tional law, and are not behind those Western people of middle generation who consider themselves learned. I affirm that the international law departments of our universities have passed an important examination at this Congress. My colleagues from various universities have to add that the number of people studying international law in Yugoslavia is perhaps out of proportion with the all-round number of jurists, particularly with that number in the West. I have been told of the democratization of international law studies in Yugoslavia, and also that the free access to this science has not lowered its level. What was especially noted, not only by foreigners but by ourselves as well, was that a considerable number of our people are studying specific branches of international law, so that there was no branch of this science touched upon at the Congress that would be unknown to at least some of the Yugoslavs. We have passed that point of the examination, and achieved new self-confidence.

As President of the Yugoslav branch of the Association, I am free to say that the above should be considered in connection with the special issue of the "Yugoslav Review for International Law", published in English and French and dedicated to the Congress. Its rich content, extraordinary number of contributions and great variety of authors' names, make it a survey of Yugoslav activities in all departments of international law. The participants of the Congress who received this issue have obtained a different notion of the work on international law in our country from they thought previously. Western people who still place us among Orientals, have reacted to this fact more critically thay they could be expected to. They became interested and soon got informed of the

true situation. They established the progress in international is studies in Yuguslavia, and each tried to find an influence of h own science on this development. Our colleagues from Easte countries of Europe looked for this origins and conditions of th progress, and the jurists from non-European countries found th their countries have also the need for directing more young peop into study of international law and its special branches. Only aft this issue of our review, the democratization of the internation law studies appeared as a division of labour which ensured nation positions in all fields where international law is concerned. Th was also a review of our forces and a proof that the campaig for a renewal of cadres in this field, conducted five years ago, h reached a partial success. Yugosiavia is one of the countries which, simultaneously with the cultivation of international la science, the politicians preach the consolidation of world peace, i ternational security and cooperation. The parallel between scien and practical politics is a necessary one. The science is here consequence of a political conception which gave it possibilities development, expecting from it new contributions which wou help realizing the political aims identical with the aims and pri ciples of the UN Charter. I must also point out that many pa ticipants of the Congress have noted that the united view of Y goslav participants is to be seen more in their stand towards th UN Charter than in any other common point. All Yugoslav pa ticipants take the faithful adherence to the UN Charter for the starring point and this necessarily unites them. The delegate the Secretary General of the UN, Mr. Schlachter, himself note this adherence to the principles of the UN Charter as a unifor line in all Yugoslav participation to the Congress. From Pres dent Tito's message to the Congress, through the speeches of off cial representatives. notably that of Veliko Zeković on behalf the Federal Executive Council, and down to every discussion the Committee all Yugoslavs had one common direction: to defer the principiles of the UN Charter and strive for their relization They were uncompromising on that point, considering the Cha ter itself a compromise from which there is no receding.

The Congress worked in a cordial atmosphere, the beautiof Dubrovnik have received high praise, and as the Yugoslav has pitality was also better than on previous occasions because a more satisfactory organization, it can be said that the Congreparticipants will go home with good memories of Yugoslavia. The Congress has brought closer many jurists and international lawye from all parts of the world, it has consolidated old friendships and made new ones; many joint actions of various nations have bee planned, such as exchanges of lecturers and teachers, exchange a publications, organization of contributions for various reviews, et The Congress has enabled the international commission to word on specific questions. All these are positive results, all the more so great as to mean a complete break-up, which was not unhear of at the previous congresses.

In conclusion, alloved me, as President of this internation organization, to appraise this Congress, although it was held in ou country, as a success, and as one of bright spots in the general development of the International Law Association, whose splendid 22 year tradition marks a progress in international law. I believ that the broadening of membership with the return of Sovie Chinese, Polish, Rumanian, Bulgarian, and Czechoslovak jurists int the organization, the opening of doors to the nations which have newly reached independence such as Sudan, the participation of people of all colours and racial types at this Congress, mean that the International Law Association continues its splendid traditio on a wider plane than ever before.

I shall endeavour, during my Presidency in this organization, to ensure two more years of progress and development, whic will be reflected in the consolidation of the present universalit of our organization.



CONFERENCE FOR THE INTERNATIONAL ATOMIC AGENCY

Dr. J. ARNEJC

THE second half of September will see the opening, of an international conference in New York, for the setting up of the International Atomic Agency. This conference which s to finish its work in a month's time, will discuss the proposed statute of the Agency, drawn up by representatives of twelve countries in the Spring of this year. The comparatively short furation of the conference might mean that it will deal, in the main, with the adoption of the Statute so that no time will be left for more detailed examination of some questions of principle which might bring some essential changes in the present draft Statute.

The draft Statute was adopted almost unanimously by the main interested powers, producers of fissionable materials and the leading forces in the field of atomic energy. This agreement is by all means a step towards general easing of tensions in the world, but it also shows that the interests of the great atomic powers — that is countries which have gone furthest in the sphere of nuclear energy research - do not differ much from each other. Precisely for this reason we may consider that the proposed Statute is a reflection of the real state of affairs in the field of atomic energy adapted for peaceful purposes. The great powers and countries which have achieved the greatest results in atomic research retain their leadership, so that their future activity just as that of the past, will not come under the control of the International Atomic Agency. But this was actually a tacit condition, that is, a concession on the part of the international community to facilitate the creation of such an International Agency. Aware of the facts and knowing to what extent the great atomic powers are prepared and able to cooperate in an international organization, we should consider the new draft Statute from the viewpoint of the greatest possible democracy and usefulness to smaller and under-developed countries. It is - known in advance how far and in what direction certain lesser improvements may be carried out in the present draft Statute, but it is necessary to set forth some general observations of principle, although similar remarks can hardly be expected to be made at the conference, in view of the situation and feeling in the world.

Manifestations of democracy, that is, of the degree of democracy in the proposed Statute should be scrutinized both where they are conspicuous and where they are concealed in technical clauses. The degree of this democracy is most easily established in the composition of the Council of Governors, in the relation between rights and duties of the Council on the one hand and those of the Agency's Council on the other, while it is much more difficult to find in in the part of the Statute which deals with the question of general security and control or in those parts which refer to financing and budgeting of the new Agency. As regards the composition of the Council of Governors, the most natural tendency is that which aims at an equal number of representatives for those powers which have gone farthest in the production of atomic raw materials and those which are only at the beginning of their development or possess nothing at all in the way of atomic research. Under the present conditions it is equally natural that the Agency's Assembly in which all member-countries are represented, should be above the Council of Governors, with greater powers, so that the Council might be actually more of an executive organ of the Assembly, which is to elaborate the general policy of the whole Agency. It depends on the attitude of the participants of the conference as to how far it will be possible to harmonize this with the proposed draft Statute, but it seems that this should not constitute a major difficulty nor provoke friction at the conference itself.

It is a different matter with some other premises of principle which we shall set forth more or less theoretically and which will show that future work of the Agency might perhaps develop

in an undesired direction and cause difficulties and disagreement. Accepting the hypothesis that activity of the great atomic powers actually remains beyond the reach of the future international Agency and taking into consideration the main tasks and aims of the Agency, we see that there is a possibility for other countries also avoiding the Agency. The main task and aim of the Agency is certainly to advance and help the development of atomic energy for peaceful purposes, to work for the good and progress of mankind. In the fulfilment of this task, clauses have been envisaged for the control, on the part of the Agency, over those projects in which the Agency cooperates either by directly supplying materials and extending aid or through mediation between various countries. The Agency will also be able to examine those bilateral agree-ments which will be submitted to the Agency in keeping with the wish or desision of the countries - signatories of bilateral agreements. There is a possibility, therefore, for the conclusion of bilateral agreeements which will not be open to inspection by the International Agency, so that this reduces the likelihood of such agreements always serving for peaceful purposes. We do not wish to say that all bilateral agreements should be under the control of the Agency, as it is for the Governments to decide what agreements they wish to conclude with other countries. We wish only to point to the possibiltties which arise from the draft Statute.

It is generally established that smaller countries accept the assistance and subsequent control of the international community more willingly and readily than that of a single country. For these reasons the clauses on Agency control need not be the subject of prolonged or difficult discussions. Planned control has been established for the security of mankind and further peaceful development in the world as well as-for the purpose of ensuring the use of atomic energy for peacefull purposes in general.

It is possible to safeguard the health and security of the personnel working on atomic research both through international and national regulations. As regards the second task it will be necessary to devise such measures as will best ensure the use of atomic energy for peaceful purpores. According to the draft Statute, the Agency will be in a position to effect this second (hence also the first) control in all the phases of the programme — from approving the plans and proposals to the final use of fissionable elements. The core of control over atomic energy for peaceful purposes actually lies in the utilization of fissionable materials which, as the Statute foresees, the recipients countries may use this vital material only in agreement with the Agency. The agreements with the Agency will probably determine the future fate of the used fissionable "ashes". The method of examination and approval of the programme, that is, of the projects of individual countries before the Agency adopts them as its own assistance programme, does not deviate from the past practice in the United Nataions, unless the condition that the project is to correspond to the financial capabilities of the receiving country does not in itself conceal the danger of discrimination. For this financial capability we cannot have an objective criterion, as to one country the project may appear profitable over a longer period, while it would be unprofitable to another, although the latter might be financially more sound. In such estimations it is much more important, and even necessary, to consider future profitableness and above all the factual requirments of the country in question.

The control tasks of the new Agency have been established for the most part by the Statute itself. How this control will be conducted in practice, depends on the further instructions of the Agency, its agreement with the receiving country, and primarily on the men who will carry out this control. With the adoption of these clauses on control, the member-countries also enter into obligations towards the international community. These clauses also determine how far the control is to affect the sovereignty of

the State. If we emphasise again that control cannot encroach upon the sovereign rights of individual states, we actually emphasise that the Agency cannot go beyond what has been laid down in the Statute. In fixing international relations even in the United Nations, it is sometimes necessary and useful to repeat the generally adopted principles, in order to avoid later disagreements and wrong interpretation. If the principle of control has been adopted, then it is necessary to foresee the sanctions against the violators of the agreement and the Statute respectively, especially in cases where the procedure of a country is against the use of atomic energy for peaceful purposes. The detailed elaboration of these sanctions in the Statute is for the most part in harmony with the control regulations considered. In yiew of the character of the Agency — as the first and a unique institution of this kind in the world, it is not always possible to apply the experience of existing international legal institutions.

For the fulfilment of technical and even scientific tasks, the Agency must use the funds obtained through regular contributions by member-states. Individual countries are already expending substantial sums for the realization of their national plans, while others are accepting obligations also for the financing of regional organizations created in the circumstances of a divided world. Such countries, it seems, will find it difficult to make this contribution to the International Agency which will work for the advancement of atomic science throughout the world. The future tasks of the Agency call for a longer discussion, but in view of different needs in various parts of the world, perhaps it would be best to leave the technical and scientific side of these tasks to the regional organizations or commissions of the International Agency itself, if it creates them. Already today, some countries are not willing that their contribution to the Agency be fixed once and

for all because of their obligations elsewhere. But for the factual functioning of the Agency and for the fulfilment of the basic tasks, it will be certainly necessary to have a fixed annual budget in which all member-countries would participate according to a definite agreement. This budget should also foresee the possibility of extending aid to individual programmes as well as the Agency's participation in them. Another question is that of special programmes and possibly of expensive projects of the Agency which are not of equal interest to all countries. Individual international atomic organizations with limited aims and members have tried to solve this by voluntary participation of the interested countries, while other organizations solve the question by ensuring the obligatory contributions of the states regardless of their interest in the project. The question arises — whether it would be possible to ensure, for special projects, a voluntary participation of the individual countries, although such appeals for voluntary contributions in the past, did not yield the desired results. Besides, it has been the practice in the United Nations to consider the financial side of the project when examining the new plans, and attitudes and decisions were taken accordingly.

Enumeration of these outstanding questions in connection with the proposed Statute of the International Atomic Agency has no other purpose than to indicate their existence even regardless of any prospects for their solution, Today the first task is that such an indispensable Agency should be set up without any serious friction between the states and that it be actually an expression of the disposition and will of the majority, especially of the great powers, to create international cooperation in the atomic field with a view to ensuring actual use of atomic energy for peaceful purposes.

TOKYO AND MOSCOW: WAITING FOR THE NEXT MOVE

ĐUKA JULIUS

SOMEBODY once said jokingly that negotiations on the normalization of relations between the Soviet Union and Japan appeared to him like an instolment novel: it seems endless, there is always a further instalment, and each instalment is more exciting than the previous one... Like avery joke, this one too contains a lot of truth — for the Moscow-Tokio negotiations will indeed go down in the annals of diplomacy after the Second World War among the most stubborn and prolonged negotiation conducted between two countries.

These talks and negotiations, taken in a wider frameworks are all the more important as their successful termination could obviously play a serious stabilizing role in the Far East at a moment when this region, unquiet until recently, is happily showing a general tendency towards stabilization. Namely, it is certainly one of the important manifestations of current international relations that the centre of tension and conftict as well as of bloc rivalry, has been transferred to the Near and Middle East — the Far East having lost this "privilege" during the last few months.

This of course is not at all accidental and has its logical explanation. The Far East, especially during the cold war, was one of the centres of tension — Korea, Indochina, Formosa all were manifestations of these contradictions. This lasted until balance-was established between the blocs, when relations and forces crystalized, when — finally — a clear line was drawn between the two blocs in all the fields where conflicts threatened to break out. These, of course, were not and could not be definite frontiers, but constitute — armistice lines in Korea and Indochina as well as the tacit delimitation in the strait of Formosa — only temporary solutions, really "demarcation lines of balance", boundaries fixing the status quo of the blocs.

But, be this as it may, and without underestimating the fact that all these manifestations contain a number of potential dangers, it is nonetheless true that on the Far East platform, though provisionally conditions have been stabillized, the danger of war reduced — and all this is a positive sign. And, later on, this state

of affairs may serve as a point of departure, as a necessary prerequisite for negotiations on the final agreed upon solution for those Far East problems which have not yet been solved.

It is quite normal that the Tokyo-Moscow negotiations should also be viewed in the light of these facts and tendencies; for precisely the uncleared Soviet-Japanese relations constitute one of the remnants of the cold war, one of the problems whose solution might considerably contribute to the further regulation of relations in the Far East. Hence these negotiations, in all their phases, are carefully followed by the world public, especially now when they seem to have entered their final phase.

Japan has many reasons to normalize its relations with the Soviet Union and to solve the outstanding questions. However, thir is not an easy and simple task. At the time of the acute cold war and Korean war, it was unimaginable for Japan — full of American occupation troops and linked to Washington with countless political, economic and strategic ties — even to think of nor-



malizing relations with the Russian and Chinese neighbours. That was in the Yoshida period, when Japan was a small boat firmly fastened to the American schooner. But these times are past, the situation in the world and in the Far East has considerably changed, tension has relaxed, balance has been estabilished. This situation now gives Japan new opportunities for normalizing relations with the Soviet Union, but Tokyo must always bear in mind that Japan is an ally of America and as such, a part of the created balance which must not be thoughtlessly disturbed. In a word: it is well to normalize relations with Moscow and proffer it a hand, but without dropping the other - the one held by America.

The pressure in the country itself towards the regulation of relations with Moscow and Peking is constantly growing and had long been a political factor with which the Government must reckon. Besides; Hatoyama won the elections by promising, among other things, that he would do this, but this promise has not been fulfilled so far. This pressure has two basic components: political and economic.

Politicians and ordinary people in Japan realize that the future of their country is in its playing a second-rate role in world affairs, while a more independent policy would be the first condition for a change. An independent and economically strong Japan could become a very influential factor in Asia. But all this is impossible while Japan remains so firmly linked with America. Of course, this does not mean that a hostile policy should be pursued towards Washington, as this not in the interests of Japan, but a more independent policy, while the basic prerequisite for this is the normalizing of relations with the other side, with Moscow and

Peking. Such normal, friendly relations with the Soviets and the Chinese would create for Iapan an indispensable manoeuvring in the diplomatic field, and would make possible the admission of Japan to the United Nations, which the Russians prevented till now. Another factor which acts in the direction of appeasing

Soviet-Japanese and Chinese-Japanese relations is of an economic nature. China has always been an important market and source of raw materials for Japan. There exist serious possibilities for the development of economic relations between the Soviet Union and Japan. Japanese economic quarters consider, in view of the chronic sickness of Japanese economy after the Second World War, that these possibilities which offer prospects for a long-term recovery of Japanese economy, should not be rejected, least of all now when political conditions have improved to such an extent that this has become practical and possible. For this reason precisely, very influential economic circles in Japan are bringing pressure to bear on the Japanese Government to normalize relations with the Soviet Union, and to make sounding by and by for the possiblities of regulating relations with China as well. (This is a more complicated matter in view of the question of Formosa - in addition ot other questions. Japan recognizes the Government in Taipeh, but only as the Government of that region, not as the Government of China, so that the normalizing of relations between Peking and Tokyo under these conditions would in a sense constitute as China would indirectly accept the concept that the Government in Formosa represents the Government of an independent country). In any case, the Japanese economic representatives are ever more loudly demanding that the diplomats should open the door to Russian and Chinese markets.

Of course, the interests are non only unilateral, Japan is not the only country interested in the regulation of relations. This applies to the Soviet Union as well. The whole Soviet policy at present calls for the normalizing of relations with Japan. goal is clear: to weaken American positions in Japan and in the Far East through normalizing relations with Japan, though stimulating a more independent Japanese foreign policy. However, regardless of the subjective wish, the fact remains that normalizing of relations between Moscow and Tokyo would be a factor of stabilization in Asia, and this is most important from the viewpoint

of peace.

The negotiations between the Soviet Union and Japan have passed several stages, the most important of which was the last. the stay of Shigemitsu in Moscow and his talks with Shepilov; All the efforts made so far were fruitless because of territorial questions, which are still the main item of the agenda. As is known, Churchill and Roosevelt, during the meeting in Yalta, promised, Stalin certain Japanese territories as war trophy for the entry of the USSR in the war against Japan. These territories are South Sakhalin and the Kurille Islands - territories of great strategic importance for Moscow. After the Japanese capitulation, the Soviets occupied these territories, Now, Tokyo has been endeavouring for years to restore these areas to the mother country, to get them from Moscow in return for the normalizing of relations. This is the cause for the deadlock in negotiations. Moscow has agreed to return two small islands: Habomay and Sikotan, but has refused to give what the Japanese demand additionally: the southernmost Kurile Islands — Kinasiru and Etorofu.



Japanese arguments are of an historical character by they really conceal strategic reasons — it suffices to glance at the map to see that Kunasir and Etorofu are almost the threshold to the northernmost, big Japanese Island, Hokaido. The historical arguments to the effect that these two islands have always been Japanese territory, that they constitute an integral part of Japan, and that they have not been conquered as was the case with other Kurile Islands, during former Japanese expansions - are intended to make Japanese demands more convincing. Soviet arguments are of a legal nature; Japan has been defeated, the Soviet Union is a victor to whom other victors have allotted these territories and it is now trying to sanction this by inducing Japan to renounce them by signing the Peace Treaty with the Soviet Union. Here again

the strategic resons are dominant.

Up till now the Russians have not yielded, nor have the Japanese. The negotiations are therefore at a standstill and Shigemitsu has returned to Tokyo to report to his Government about the situation. It was said that he proposes acceptance of Soviet suggestions and signing of a Japanese-Soviet peace treaty, and it was also stated that this could be done by Premier Hatoyama during his visit to Moscow. Then, when the agreement seemed to be at arm's length, came the unexpected intervention of Mr Dulles. Referring to the Peace Treaty of San Francisco which contains a clause to the effect that the USA might demand the same benefits if Japan concludes an agreement with other powers granting them better conditions, Dulles nonchalantly remarked that Japanese consent to renounce its sovereignty over southern Sakhalin and the Kurilé Islands — that is, territories which Washington "allotted" to Moscow during the war could be interpreted in this way by the Americans. In other words, if you give these territories to the Russians, we could claim Okinawa. Or, do not sign the agreement with Moscow. This, of course, provoked protests in Japan, and Asia, being interpeted as an attempt to prevent the normalizing of Far Eastern conditions, but this also gave rise to new speculation and anxiety in Tokyo. The Americans assert thal they only wanted to strengthen the Japanese positions in the negotiations and to furnish them with a new argument which would persuade Moscow to normalize relations without settling territoriat

Here is a dilemma for Hatoyama! The whole logic of development in the Far East as well as the political and economic situation in Japan, lead in the direction of normalizing relations with the Soviet Union, but territorial questions and relations with Washington are complicating matters and hindering this move. What is he to do - to renounce the territories and then provoke Washington to claim Okinawa, or to risk it? Or again to try and persuade Moscow to sign the Peace Treaty while deferring the settlement of territorial questions to a later date — a solution which Soviet diplomacy refused to accept till now for the simple reason that the Soviet positions are now strongest in such negotiations when Japan needs the normalizing of relations with the Soviet Union and because — if these problems were postponed — the most important problem would remain without a definite solution and this might negatively burden the future relations of the two countries. But this possibility should not be excluded.

In any case we may not have to wait long for the move to be made by Japan. There are some sure intimations about this. It seems most likely that, given all-round efforts, the next round will provide a compromise solution which will be in the interests of both sides. And the normalizing of Japanese-Soviet relations and subsequently Japanes-Chinese relations, would be a very significant element of the stabilization of conditions in the Far East

and in Asia generally.

This would perhaps mean the beginning of an era of a much more active Japanese role in world affairs.

THE GERMAN PANORAMA

K. TONČIĆ

THE German governement and its institutions scattered through Bonn, Mechlem and Godesberg, did not enjoy an atmosphere of rest during the summer vacations, as they used to in the past. Many important and far reaching decisions were taken, proposed, or carried out precisely during the hot July and August days. A certain hurry, with overtones of nervousness, was felt in this activity. It was as if somebody were using something in the same incomprehensibly reckless way which had been noted, with some suspicions, at the last Bundestag session before the summer vacations. That time, complying with the wish of the aged Chancellor, the Bundestag stayed in session day and night, discussing, or rather approving, the new conscription law, by which Germany at last got her army and armaments.

Contrary to the opinion of the whole world concerning the present stage of détente and consolidation of peace, the West German government urged the Bundestag to pass the conscription law as soon as possible, working during night sessions, as if war danger were at hand and an attack immediately pending. Consistently with this attitude, the Adenauer government energetically opposed the intention of Western powers to reduce their military contingents, particularly those in Germany. Naturally, such moves in Bonn did not contribute to the consolidation of peace in Europe and in the world. Further developments made the deliberateness and continuity of the Bonn attitude even more conspicuous since this continuity appeared quite openly as a definite strategical and tactical conception of a government resolved to carry out its plans, however unrealizable they may seem to others.

The ban placed on the Communist Party of Western Germany was one of the details that prove the continuity of a strategy. The August decision of the Supreme Constitutional Court was passed on the basis of the indictment and process started by the Adenauer government as early as 1951. In those difficult times, when the Korean war was raging and threatening to spread further, when divided Europe was daily beset with threats and blows, the revival of that fatal idea which had failed more than once at the examination of history began, inflicting in its failure the sovest wounds to humanity, the idea of the rearmament of Germany. The so-called European Defence Community was then ratified with much difficulty in individual parliaments. Western Germany was struggling to overcome the last difficulties of rehabilitation, showing the first signs of the "German wonder" while the "wise old man", inspired by the visionary dreams of his predecessors, already requested the Constitutional Court to ban the Communist Party.

Protests in Germany and in the world slowed down the legal proceedings, removing them from the public eye. But the proceedings went on, ending in a legally formulated judgment which could be used "to-mmorrow", i. e. at any time when the situation is ripe to summon or persecute, with the means corresponding to situation, any group, any party or organization in the Federal Republic. Experience tells us that the measures taken by Bonn—in harmony with the established German tradition—will not show their full results and consequences till much later time.

The Communist Party of Western Germany, a pale shadow of the once powerful Thalman Party, had neither by its numbers or organization, nor by its political influence, represent any danger to its mighty adversaries. In 1949, at the first election, it got only 5.7% of all votes, and in the last election of 1953 it fell below the minimum necessary for entering the Parliament, having got but 2.2% of votes. The present decision of the Constitutional Court is all the more striking and curious for that, and it is now clearer that the trial at Karlsruhe was not directed against a concrete Communist Party, but against Communism, against the ideas contrary to the official Demo-Christian ideology, which has become an apt covering for the cultivation of Pan-German ideas and plans. Even the London "Times" which can be charged with any sin but that of shielding Communists, has pointed to the conspicuous

fact that the decisions of Constitutional Court can easily be extended, say by a Court legal commentary, to any political group or organization.

A host of other details, apart from the ban against Communist Party, draw our attention, indicating more and more openly the course of development of present day Western Germany. Such are, for instance, frequent meetings of refugees and "Volksdeutsche" in the various towns of the Federal Republic. It is already an established practice that the principal speakers, or at least sponsors of such meetings are the outstanding Government members, ministers, etc. The principal theme of all these meetings is the demand for restitution to "the mother count y" of those numerous "wrenched off" parts — which comprise even Sudeten, to say nothing of the region beyond the Oder-Neisse line. According to the official West German terminology, "East German" does not denote the territory of the Democratic Republic of Germany, but the regions beyond the Oder-Neisse line, stretching as far as Memel and Kaliningrad.

It is already in the ordinary course of things in Western Germany that on the 3rd of September, the day when Germany had begun the Second World War, the leading papers such as "Die Welt" publish editorials beginning with: "On September 3, 19:9, England and France declared war on the German Reich...", or that one time Hitler's and now "democratic" generals explain to their colleagues, US or French officers, what "mistakes" had caused the defeat of their i. e. Hitler's army, or that the revived "Soldiers'Unions" erect monuments to "The Fallen German Parachutists" or "The Unknown Submarlne Hero". At the same time, the most horrible monument of the present world, the Dachau ex-concentration camp near Munich, has been deliberately torn down and its area turned into a small, pleasant park, where only some preserved inscriptions remind us of the days when German Fascism, bestially killing millions of people, tried to exterminate whole nations which stood in its way to world empire.

Such "details" sometimes attract attention and cause anxiety in the world. Such is the case of the recent decision on reactivation and recognition of ranks of the former SS officers. The West German Parliament has repeatedly, rarticularly during the discussions on conscription law, raised the question of the "situation and future" of the former SS officers. Some government circles have been using every opportunity seeking to "put off the shamful, discriminatory stamp by which the faithful sons of Germany, SS officers" have been branded ever since the end of war. The former SS men, step by step, were equalized with other army divisions. This had to be done gradually, for there was always a strong resistance against putting into oblivion the crimes perpetrated everywhere in the world and even in Germany by these select combatants of Hitler's élîte troops.

Even in the atmosphere of hurried voting during the debate on conscription law the Government was not able to put through the act on the full equalization of SS and other officers. The overwhelming majority of Parliament passed the limiting clause, forbidding the recognition of SS officers' ranks and their enlisting into the Bundeswehr, the new German army.

In one of his recent speeches, swearing his allegiance to the ideals of liberty and upholding "democracy of the free world, against the darkness of communist totalitarianism", Chancellor Adenauer exclaimed: "A decision of Parliament is for us something sacred and inviolable, the voice of the majority of people as expressed by its freely elected representatives is a law which no man in the Federal Republic will ever dare transgress". Some weeks later, an official organ, directly responsible to Chancellor Adenauer's government, the Federal Personnel Committee for Military Affairs, passed a decision which annulled the above act of Bundestag. The London "Times", commenting upon this decision, wrote as follows: "... it was not carried out in a fit manner, but

rather in a way which reminds one of the traditional wish of German Army to get rid of parliamentary control ..."

The manner in which the decision was reached is certainly mportant, but its content is much more so. Whenever the revival of the West German army was discussed, England, and its press in particular, always took a favourable attitude. The encouraging attitude of the English press was often used by Adenauer's gowernment as a strong argument against the Social-Democrats or other opponents of the revival of the army. But the dicision of the "Federal Personnel Committee" called forth a different, unusual and perhaps unexpected reaction. Thus the "Scotsman" writes: "There are many disquieting things in this event. First of all, the manner in which this decision was taken and confirmed - it looked as if it were rather and administrative detail than a political decision. The question arises, what is the attitude of the Government? And further, is the power of democratic institutions being usurped by a half-sutonomous executive organs?... This thing does not concern Germany alone but all its Atlantic allies as well ... Such decisions cause us to ask whether Western Germany is keeping to the policy of disclaiming its Nazi past with sufficient sincerity"... The "News Chronicle" writes: "Almost every officer referred to in the Federal Committee dicision has taken part in filthy crimes of Nazism. They had volunteered into the SS, knowing that their "duties" include extermination of Jews and command over concentration camps... Nazism was not destroyed so long ago that we could afford to be indifferent at the news that Germany would recruit its officers from such a dirty source. .. .

The French press was even more outspoken and resolute. The Polish press, Czech. Israel, in a word, the who'e world press reacted, expressing the anxiety of all humanity. But Western Germany itself reacted quite differently. An exception was the Berlin paper "Tagesspiegel" which frankly and courageously wrote:

"The crimes associated with the SS badge are too great, and it is impossible to single out individuals from this sinister group. Even those who approve of the forming of a new German army on moral grounds must feel deeply disturbed if this new army were to include the former soldiers and officers of the "Leibstandard Adolf Hitler" or of the "Death's head", unit or of the "Reich" division... The pictures of destroyed and burnt cities, of Lidice and Oradour, of SS watches in the horrible concentration camps are recalled to the world's memory... These memories weigh on the conscience not only of the people abroad..."

But other West German papers, reflecting the prevailing mood, do not write in that way: they never mention Dachau, Kragujevac, massacres in Ukraine or shooting in Norway. The majority of the West German press, although aware of the strong reaction of the world public to the late decisions, instead of recognizing the provocative character of such decisions and the dangerous policy behind them which is gradually being brought into the open, discuss the question whether it was not a premature step, and whether it did not prematurely and indeed unnecessarily drow the attention of mankind to something that has only begun to ripen.

Economic problems

ECONOMIC SURVEY

STOJAN PETROVIĆ

INDIA - USA

A N agreement was reached recently between the Covernments of India and USA on the delivery of American agricultural surplus products amounting to over 360 million dollars. This agreement is important, not only because of the large volume of goods involved, (it will provide India with 3.5 milion tons of wheat, 200,000 tons of rice, 90,000 tons of cotton, considerable quantities of tobacco and powdered milk) but also because it covers a three year period. The US Government so far granted economic aid or agricultural surplus produce for no more than one-year periods in compliance with legal regulations. The only exception was Indonesia, which signed a two-year agreement on March 5 of this year. The agreement with India being signed for three years means a positive move in international relations. The agreements of longer duration open better perspectives and contribute to the stability and security of international relations, besides being important for the economic development of the country receiving aid.

Although the conditions of the agreement are not yet fully known; and perhaps not yet fully drawn, it appears that the payment for the best part of these deliveries (234.1 million dollars) will be facilitated by a special loan, to be paid back in 40 years. If the 40-year period is confirmed, this is to be considered a valuable innovation in international relations. The equivalent of this sum in rupees will be used for the economic development of India. 54 million dollars have been granted as free aid. 72 out of the entire sum of 360 million dollars remain at the disposal of US Government for its own uses in India, probably for purchases of Indian export surplusses.

We may hope that this precedent may lead to similar arrangements by the US Government with other countries as will. This certainly would be a form of international co-operation towards economic development of under-developed countries. It would be desirable to combine this form of co-operation with another possibility of promoting the development of economically backward countries in a manner that would speed up the exploitation of

their natural resources which would enable them to pay back the amount of aid received, wholly or in part, with deliveries of newly produced articles, of course on a longterm basis.

THE ZAGREB FAIR

This year's Zagreb Fair deserves special attention, and that not only because its exhibition area has been doubled or because 26 foreign countries are taking part in it, exhibiting 2,962 different products (while Yugoslav participants exhibit 4,330 different products). It is because the Zagreb Fair, as pointed out at its opening ceremony by the Vice-President of the Federal Executive Council, Svetozar Vukmanović — "the Fair becomes more and more a striking manifestation of the two permanent trends of our policy, namely striving for the economic progress of Yugoslavia and striving after broader cooperation with other countries". This year's Fair faithfully reflects the achievements of Yugoslav industrial production which by the end of June has reached the index of 252 in comparison with the pre-war level. This figure marks a considerable step forward in the industrialization of our country in relation to the pre-war situation. But Zagreb Fair shows in addition that our industry has been capable of producing a number of new articles which by their quality and assortment compare well with similar products of industries in the most developed countries.

The Fair also demonstrates that our economy, in acordance with the principles of our foreign policy, aspires to many sided and close co-operation with other countries. We are aware that the policy of active coexistence cannot be successful if it is not coupled with constant efforts at linking our economy with the economies of other countries, on the world market.

A new feature of this year's Fair is that for the first time one billion dinars in foreign currency has been put at its disposal, by the Yugoslav National Bank, for immediate purchases of consumer goods and material for reproduction at the Fair itself. The foreign exhibitors have been allowed to bring in larger guantities

of goods than before, which is an encouragement to their further participation in the Zagreb Fair.

It was the wish to contribute to the further affirmation of the principle of active coexistence that has animated our country to making every effort in order to ensure the participation of 26 foreign countries at the Zagreb Fair. Our country is at the same time making efforts to ensure our participation at international fairs in other countries. The Board of the Federal Chamber of Foreign Commerce has lately set up a plan of our participation at international fairs for the next year. The Camber will finance all collective participation at these fairs. The plan foresees our participation at the fairs in Frankfurt, Poznan, Leipzig, New York, Milan, Paris, Casablanca, Trieste, Plovdiv, Damascus, Karachi, Djakarta and Sao Paulo. The Yugoslav enterprises besides will take part in various specialized exhibitions, such as the leather exhibition at Offenbach, textile exhibition in Köln, exhibition of machine tools in Hannover, exhibition of foodstuffs in London, etc. This programme denotes that our participation in foreign fairs will be much larger than it was.

INCREASE OF EXPORTS

The survey of exports for the first seven months of this year shows that they have been 35% higher than in the same period of last year. This increase of exports marks the resolve of our country to make every effort in order to reach a balance in our foreign payments. There are good prospects that this year's programme of exports, as foreseen by our economic plan, will be surpassed. It can be realistically expected that out exports will reach the amount of 95 billion dinars, i. e. 18 billion more than in the last year. This means an increase of about 60 milion American dollars, or about 23%. This increase is specially important in view of the fact that the portion of agricultural products in the exports is very small because of this year's bad harvest. This also demonstrates that our industry has developed so much that it can, to considerable degree, fill the gap created by the failure of agricultural production.

An analysis of this year's exports will show that their increase comes as a result of the following factors:

- I) the steps taken for the stabilization of the home market;
- 2) the orientation to the fullest engagement of industrial capacities;
- 3) the expansion of foreign market and foreign economic relations;
- 4) the stability of foreign-commercial and currency regime, which enables Yugoslav exporting enterprises to get all necessary elements for calculation when they engage themselves in foreign markets.

While the average monthly exports in the January—July period last year amounted to 5,493 million dinars, the monthly average for the same period this year amounts to 7,307 million dinars. Regarding the list of countries to which our exports are directed, Italy takes the first place, with 7.6 billion dinars during the first seven months. Next comes Western Germany with 7.3 billion dinars, the third is USSR with 5.8 billions, then USA with 4.7 billions, and Great Britain with over 3 billion dinars. Europe remains our most important foreign market. In the first half of 1953, Europe absorbed 76.2% of our export, During the same period of this year it has absorbed 77.5%.

The increase of our exports makes it possible to extend our imports as well. In order to consolidate its home market, Yugoslavia has begun to import industrial consumer goods. The first place in our imports during the seven month period has been taken by USA with 32.6 billion dinars, the second is Western Germany with 7.1 billion, the third is Italy with 6.7 billion, followed by USSR with 5.7 billion, and Great Britain with 5.5 billion dinars.

HUNGARY

A Hungarian delegation in Yugoslavia headed by Mr. Bognar, Minister of Foreign Commerce, has recently participated in negotiations with the aim of expanding economic cooperation between the two countries. The talks are centered on the problem of making the exchanges of goods and payment gradually multi-lateral. Other subjects of the negotiations are cooperation in capital constructions, especially power plants, traffic including the enlargment of the port of Rijeka in waterpower economy, etc. It should be pointed out that the agreement on the discharge of Yugoslav claims for compensation, signed this Spring, is being carried out satisfactorily.

ITALY

During the visit of Mr. Treves, Under-Secretary in the Irlian Ministry of Foreign Comerce and other Italian f.nctionart to the Zagreb Fair, an exchange of opinions took place, contemplaiting an extension of economic cooperation, expecially in texchange of commodities There serious obstacles to the realization of the agreement on special deliveries of Yugoslav opital investment purchases in Italy to the amount of 40 millie dollars, which was signed early in this year, so that its realization hardly begun, at least for the time being. The difficulties in it realization have been set out in the last issue of the "Review International Affairs". It would de desirable to ensure the realization of the agreement in full as soon as possible. This will depensifiest of all, on the readiness of Italian industry to offer their preducts under competetive conditions and with consistent observance of the stipulations of this agreement on the part of Italian banking institutions, in financing the deliveries.

FRANCE

The French Assembly has recently ratified the revolvin credit of 5 million dollars, set up between France and Yugoslavi in July last year with the aim to improve the mode of cooperatio, between the two countries and to ensure their joint participatio on the markets of third countries. The talks on the conditions for the use of the credit are under way. The rate of interest is likel to be 3 to 3,5% and the term of payment probably be 5 years.

The question of the conversion of post-war commercial debt remains at a standstill. It would be desirable and in mutual interest of both sides, to solve this question as soon as possible.

SWITZERLAND

The July agreement reached between the Swiss and Yugo slav governments, by which Switzerland will de-block Yugosla gold in the value of 10 million Swiss francs, deposited in the Swiss National Bank since 1948, became valid some days ago. The so-called "avance VIII", by which the Swiss Government opens a new credit of 10 million francs to Yugoslavia, to be paid back in 5 years under the favourable rate of 4,5%, has become valid a the same time. This amount will comprise the converted commercial debt and with this the question of conversion of debts with Switzerland is solved. Nevertheless, it would be in the mutual interest to reconsider the 12% previous deduction from Yugoslav exports for the payment of compensation for the nationalized Swiss property in Yugoslavia. The 21% deduction really sets too heavy a burden on Yugoslav economy and puts an obstacle to the Yugoslav exports to Switzerland. A reasonable solution of this question would no doubt strengthen our economic relations, most of all as concerns commodity exchange.



FRANCO - YUGOSLAV ECONOMIC COOPERATION

TODOR VUJASINOVIĆ

PRESIDENT OF THE FEDERAL CHAMBER OF INDUSTRY

THE principle of active and peaceful coexistence among the nations of the world is not only a need of the today, but also the need of the future, the need of the modern atomic use which, although bearing the stamp of force, moral-political pressure and giving rise to fear, is at the same time opening new vistas for a mgnificent progress. That is why the struggle for his principle is meeting with an ever wider understanding and support among the nations. Yugoslavia, as a consistent champion of peace and cooperation, consistently followed the path of the realization of this principle in her foreign policy. Aware that the pasic element of the success of such policy is a steady development of cooperation in the economic and cultural fields, facilitation of an intensive exchange of material and cultural values, she has utilized all the tested methods, and is discovering new ones, for the fullest realization of this policy.

All nations, each in its own way, have an abundance of scientific, technical and cultural achievements. These should become the possessions of all mankind. The results of scientific and technical progress do not recognize national and state frontiers. They must benefit the whole world.

The peoples, no matter how developed their science and culture, cannot isolate themselves from their neighbours nor can they ward off cultural and scientific influences. They look for connections among the rest of the world. This process has been going on irrespective of frontiers and ideological-political differences. And the more this process is accelerated, the better for the peoples who are doing this, the better for the general cause of peace and coexistence.

In view of all this, Yugoslavia has developed and is developing cooperation with other countries, using the old forms and discovering new ones for strengthening and broadening such cooperation. One of the new forms is certainly the series of agreements on economic and technical cooperation as well as the setting up of mixed inter-state committees created on the basis of these agreements. The first of these agreements was concluded between our country and the Republic of France on July 27, 1955. This agreement opened a new path whose goal was, among other thirgs, to put an end to the stagnation brought about through force of circumstance by the classical forms of commercial exchange and cooperation between Yugoslavia and France. With the creation of a special fund the new agreement assured the necessary financial resources as well as their orientation with a view to stimulating a cooperation in definite sectors of the economy. The fund, recently ratified by the French National Assembly, is to help the actions aimed at deepening economic cooperation and technical aid between the interested enterprises and institutions of Yugoslavia and France. The use of this fund would be based on the revolving credit principles, and would be renewed in course of time by returning the utilized funds with a view to supporting and helping new actions. In order to carry out a successful organization of the tasks arising under the agreement on economic and technical cooperation, a mixed Franco-Yugoslav Cammittee has been formed for economic and technical cooperation with the task of discovering, examining and indicating the prospects and possibilities of cooperation. The sphere of economic cooperation and technical assistance would be embraced both in the field of production and assistance would be investments. It provides for cooperation both in the two countries themselves and in markets of other countries in the spheres of industry, agriculture, transport and building.

The first meeting of the mixed committee was held in Paris in October last year. This meeting determined the principles of the Committee's work, examined the possibilities of cooperation in individual fields, discussed the financial problems and the technical side of the use of credits. It examined the problems of the realization of technical aid both through the exchange of experts and through specialization and training of cadres. This occasion

was used for examining certain problems in which the Yugoslav side showed special interest and which were set forth in the proposal embracing problems from a number of industrial branches in connection with the needs of Yugoslav industry, agriculture, transport and building. This meeting also indicated where both sides should direct their efforts in the mixed Committee, in order to contribute to a rapid and successful cooperation between the two countries.

The second half of April this year witnessed the holding of the second meeting of the mixed Committee in Belgrade. This occasion was used to examine the material prepared for a number of concrete proposals, which promise a successful and certain economic cooperation, while being interesting to both sides from the economic point of view. This meeting examined the problems from the sphere of electric industry, railway transport, (oil exploitation, production of softeners, production of artificial leather, equipment for agriculture and the food industry, mining and building machinary. Possibilities for cooperation in the markets of other countries were also examined.

It turned out that possibilities for cooperation are very varied. Consultations, projecting, exchange of experiences, purchase of patents, licences and various equipment, reconstruction and rationalization of technological processes as well as other forms have been considered as suitable for expanding cooperation.

It was also revealed through discussion and analysis of documentation and other material, that some problems are ripe and acceptable in the interests of both economies, and that justified economic reasons and conditions exist for them. At the next meeting the Committee whi submit these selected cases to the Governments of the two countries for approval. Both sides of the mixed committee continuing to collect proposals which ara sent by the economic enterprises, at the same time waking suggestions, showing initiative and trying to awaken interest among individual enterprises and institutions for further cooperation in the country and abroad on all matters which are useful for both sides. The general impression received at previous meetings of the committee is that there exist conditions for successful economic cooperation between enterprises and institutions of both countries. It was revealed further that there is understanding on both sides among the members of the committee for the problems and interests of the two economies.

The economic policy of our country, as well as of our policy generally, tended towards the creation of all-round relations in economic cooperation, based on lasting and long-term need for commercial exchanges and exchange of experiences and mutual assistance with as large a number of countries as possible. Our investment policy was based precisely on the following principles: to develop those forms for which adeguate conditions exist in the country, while making up for what we lack or where we lag behind through exchanges with foreign countries.

Our country never had any illusions about autarchy in its economy, aware that in the policy of active coexistence lasting success could be achieved only if the economic policy of the country is adequately pursued. And just for this reason the form of cooperation represented by the Franco-Yugoslav mixed committee for economic and technical cooperation, is the logical result of Yugoslav policy. Basically it served as an example for similar agreements with the Soviet Union, Poland, Czechoslovakia, and some other countries.

During the first half of October the mixed Committee will hold its third session from which we await conclusions that will give shape to the idea for the sake of which it has been set up. It is confidently expected that the results of this session will completly satisfy both sides, confirming in practice the traditional friendship between Yugoslavia and France.

INTERNATIONAL DIVISION OF LABOUR AND ACTIVE COEXISTENCE

NENAD POPOVIĆ

THE altered political conditions in the world during the last few years have contributed, to bring in sharper relief the weight and significance of developments in international economy. This political change lies in the fact that the "cold war" has been replaced by "active coexistence". These two terms are not static, but represent definite movements and the essential difference between them is that the movements are in opposite directions. While the cold war acted in the direction of bloc divisional and was characterized by the tendency to mutual estrangement and isolation of the opposing sides, active coexistence means that not only are suitable forms being sought for their existence side by side but also their cooperation, especially in the economic field.

There is no doubt that earlier developments, that is, first the war and later the cold war, led to certain material adaptations, and even to perversions in economic relations. This primarily applies to the economic consequences of the war, to the distribution of national income in individual countries, to the structure of production and consumption (in the widest sense), as well as to the volume of international exchanges). It is certain, for example, that we cannot neglect the effect of expenditures on armaments and defence, which in the Western world alone exceed the volume of the entire world foreign trade. Also, during the war and after it, most of the countries found themselves in such economic difficulties that measures were taken directly or indirectly, to limit or alter the economic factors in international economic relations. All this was reflected on the international division of labour which under these conditions tended to assume a platonic character rather than to become a realistic factor. All these factors' which found expression in the world system of bilateralism and restriction of international payments (which must be described, as still being realistic and existing facts and relations) constitute an obstacle in the development of broader international economic cooperation.

On the other hand, a series of elements not only provide for movements in the direction of greater international economic cooperation, but, one might say, even call for it. It would be, for the rest, quite unrealistic to suppose that no obstacles exist or that they will be removed. On the contary, international divergences, especially in the political field, are far from solved. The efforts and developments described as active coexistence are, it is true, creating conditions for the mitigation of these contradictions while there is a possibility to solve certain problems, but basically they are still dominating the international scene. It may be assumed, therefore, that the economic side will be particularly important, especially in that part where it operates as a stimulation and catalyzer in the trends towards greater international cooperation.

There are many factors on the economic plane which direct movements towards greater international cooperation and appear as an essential contribution to the affirmation of the policy of as an essential controlled to the arithment of the poncy of active coexistence. First of all, it is necessary to promote international division of labour. The essential quality of this division of labour is that it provides for the mutual complementing of various economies by way of the most economical utilization of the process of production. The international division of labour tends to direct production in such a way as to ensure the lowest possible, costs of production. As conditions under which production is carried out are vastly different, it is quite natural that the already existing international division of labour tends towards further elaboration in the form or specialization. Specialization, on its part, tends to create circumstances in which cooperation (or division of labour) is expedient and useful also in the processes of production, which leads to the deepening of the international division of labour. These, of course, are only general lines along which processes of the affirmation of the international division of labour are moving. No matter how much such division of labour was economical and useful, it is still very far from its general objective. Namely, the former realization of the international division of labour was in a great measure conditioned by specific conditions under which it evolved. This is actually the period of the uneven development of capitalism in the nineteenth century as well as suesequently which led to the concentration of productive forces in the relatively narrow areas of Western Europe and North America. This also determined the production costs which became lower regardless of the natural and geographical conditions.

This does not mean that technical progress should not change and break the limitations imposed by nature and distance. On the contrary, this is the goal. The only thing is that it is more useful and more expedient to remove first those obstacles whose elimination is less expensive. If necessary, oranges can be grown in glasshouses even on the North Pole, but today it is still cheaper to grow them in the southern regions. If this fact is ignored, it must be paid with higher production costs. And this payment for each economy is either charged to its accumulation (formation of capital) or against the living standard. The first slows down further development and the second denies the aim of any economic activity.

We have dwelt in more detail on this problem as it opens today a very delicate series of problems in relation to the attitudes of some developed countries. Namely, some kind of priority is stressed when the development of backward countries is involved and statements are made to the effect that it is not economically profitable to invest in the development of countries whose economies are backward, but, on the contrary, investments should be made where economies are developed. It is said that developed economies have reached a higher level of productivity of labour so that, being more rational and more economic, they should be helped with investments. This argumentation has a weak, point. The uneven development throught which capitalism has passed and is passing, it itself means a negation of the idea of the international division of labour (that is the economical international division of labour (that is the economical international division of labour). Thus certain perversions of the economic premises and laws have taken place (for instance, concentration of production where lowest costs have not been ensured). Now efforts are being made, on the basis of these same laws which have been negated, to deepen and continue the uneven development which is an even greater evil. That is one should not ignore such argumentations but, on the contrary, discover and unmask them. Such arguments only mean perversion of facts and negation of bacis principles.

This problem of the international division of labour is not so remote from reality as it might appear at first sight. One might say that the whole of this discussion was unnecessary as the contradictions are so generalized that they are far from reality. This seems so only at first sight, and for the following reason. Those regions (of the economy, of the state) which are developed and which have created a high level of productive forces, high productivity of labour, tend to isolate themselves, in their own framework, from the principle of the international, in this case generally economical, division of labour. For quite different reasons, namely for economic, political, social, strategic, historical etc. — These countries tend to favour the policy of protecting such production as is otherwise more expensive in that given economy than would be the purchase of the same goods if they were obtained on the world market. In saying this we would not like to generalize bu implying that protectionism per se is always harmful, It has long been agreed in economic theory that protectionism (of a product, branch, sector or the economy as a whole) is always costly, but that it is a measure which under definite conditions may be useful, and even necessary. Protectionism actually constitutes a specific form of subsidizing, which may be justified (and even very useful) if the aim is to enable a definite production to enjoy protection for a time until it can stand on its own feet. But if protectionism is incorrectly implemented or adopted as a lasting policy, then the very opposite results may be obtained. First of all, every protectionism constitutes a definite degree of isolation from the world market. Protectionism as such is nothing but an application of the principle that a country wishes to take advantage of the division of labour where for its own benefit, at the expense of others but own, but refusing to apply the same principle when it is beneficial to others. This philosophy, as a social category, is devoid of all mo

in such a way that in the end the final account must be met by the side which benefits by it. Our criticism of protectionism here refers only to those cases where it is applied to the economically unjustified protection of a specific product. What will happen, for instance, if full protection is given to a product which will show, even after a longer period, that its costs remain above the world parity? Is that economy to continue production which is more expensive than it is to be obtained on the world market? To export — is impossible without subsidizing, while on the internal market, the higher price must be maintained at the expense of domestic consumers. Both are detrimental to society.

The same is true if profectionizm is a permanent policy. The internal price must be higher than the world market price and the sum of all these differences is borne by the society. In the end, further steps are taken: the domestic price is maintained at a high level (in any case above the world pairty), while aiming at a low price abroad in order to ensure exports (dumping). It is quite clear here that the burden is not shifted unto the shoulders of the consumer but unto the shoulders of the producer (the working class). Even such a situation may sometimes be justified, if it constituted a temporary effort to overcome certain short-term difficulties. But if this is a lasting policy than it is clear that it must be abandoned.

In this examination, we start from the economic viewpoint. However, economy is not isolated from life and all the rest. Therefore, it is possible that in assessing the expediency of certain actions or policies, other reasons too may be taken into consideration. In so far as they are taken to be more important, they will be expressed in the economic field, as for example when a country, for reasons of national security and ensurance of its independence, realizes that it needs definite products, or a developed branch of industry. In such a case, such products or such a branch of economy is realized which otherwise could not compete with prices or costs on the world market. Nonetheless, such protectionism could be justified. But in this case it must be borne in mind that this is no longer an economic category but another calculation and that a definite price is paid for it in this specific way. What is necessary in this case, is to know the actual price.

These thoughts refer to the problems of the international division of labour and commercial policies of individual countries. Namely, the following conclusion could be made; starting from the hypothesis that the most economical international division of labour is a way (or relation) which not only provides for liberating the future development of world economy from the tendency towards unevenness, but which in the final instance enables each economy to achieve the most profitable results. Nowever, in order to carry out such an international division of labour, it would be necessary, as a condition, to see that international commercial exchanges too should be freed from various fetters and limitations. This leads us to the classical argument in favour of free trade. But the present situation also contains some new moments. What is involved here is unconditional free trade and free world market, especially when taken in its formal aspect. So it is a question here of a free world market. It can be free only (and above all) when the partners who participate in that trade are free, and this means independent and sovereign. Formerly the thesis of free trade was the thesis of developed economies (industrialized metropolises) where cheap goods were only the forerunners of such economic penetration as was in the final resort to become the basis of political domination as well. Such free trade was a unilateral instrument of the policy of individual countries (or groups of countries) and in the end did not bring freedom to anyone; the undardeveloped countries became colonies whille the "free" trade became the cradle of monopolies which negated freedom even on the soil of their own developed countries. The whole of this combination saw in "free" trade only an instrument for the setting up of big and international monopolies. And when they are created then there can be no longer any free world markets, still less an international division of labour and there can only be talk, perhaps, of an international division of exploitation.



Hence the tendency today towards a free world market and freer international exchange (let us at least show that this is now an aim to be aspired to) must be a qualified process accompanied by definite conditions. Here is a need above all to recognize independence and sovereignty to each country, and its right to decide about its fate. From this it follows that relations between states must be based on equality. International actions should be under taken to facilitate the development of backward countries. to enable them to raise their production and their income, and give opportunities to all nations to have such a living standard as modern technology of production may provide to all. These actions could be of various kind. In one case under-developed countries may be given the right to protect their production during their development, that is, to head for specific protectionism. This certainly is not the most important case, but we have mentioned it first as we have just dealt with the problems or protectionism. The same method may be pursued by enabling countries which are developing to enjoy a privileged position through some kind of preferential tariffs. Sometimes these preferential tariffs may be only a specific way to enable a country in the process of development, to make easier repayments of credits received from a developed country or countries. Again, this astion could be conducted by taking measures whose aim would be improvement and stabilization of prices of certain raw materials, for example by way of long-term arrangements and similar devices. The most important thing, however, is the question of international long-term financing, that is, organizing of collection and transference of capital to those areas where process of development and -liquidation of backwardness is going on. This theme has also been written about and thoroughly discussed. The matter has actually been adopted in principle and the idea of the UN Special Fund has no longer any open theore-tical opponents (though it has practical opponents) so that the development of backward countries is considered an international responsibility.

The point of departure at the beginning of this article was to see what active coexistence means under present concrete conditions in the international economic field. The aim was to point only at certain aspects which refer to the international division of labour and to the world market. But with this, the network of problems bearing on the economic circumstances and conditions for active coexistence has not nearly been exhausted. It has only been opened. The object was only to point out that the structure of present concrete relations on the world market, persistently calls for the settlement of problems of a freer international exchange and freer world market. Active coexistence should constitute only one of the ways for considering these problems and perhaps solving them as well. International problems can only be solved through international cooperation which should be continually expanded and developed.



A GOOD BEGINNING

R. KESIĆ

THE latest processes in the political mosaic of Italy — a barometer for prognostications of a more general significance — are arousing today rather great interest outside that country's frontiers. This all the more so since what is involved are events on that side of the political barricade which is called the "left" — and which in that country, taken as a whole, constitute a factor of first class significance. The matter in question involves the efforts to overcome the basic contradictions between two eminent groups of the Italian political left Saragat's Social Democratic Party and Nenni's Socialist Party.

It that condition in international relations which in political terminology is called the cold war, provided a suitable soil for intensifying differences and developing antagonisms, it is quite logical that its practical negation — the relaxation of international tension should be the cause and factor of movement in an opposite direction namely, a suitable climate for a quicker or slower elimination of artificial boundaries of mistrust and exclusiveness. That this is not a theoretical scheme, but experience born of practice is shown by a series of contemporary events in international life as well as by a glance at the relations between the Social Democratic and Socialist parties in Italy yesterday and today.

Nine years ago, in 1947, divergences between the Italian Socialists had reached their culmination. The right-wing of the party had seceded and a new left group — Saragat's Social Democratic Party began to figure in Italian political life. The cause for the crisis were not of an ideological character, despite definite differences in viewing various theoretical questions: practical party policy and attitude to key internal and external problems were the primary source of antagonism. That was the time of the burying of last remnants of alliance and friendship between the great partners in the anti-Hitler coalition. The polarization of people and concepts was in full swing. Contacts and compromises, as necasary bridges of understanding, were rejected and put away in the museum, while the raising of barriers and showing of mistrust was accepted as a method and solution. If Nenni in those days was oriented towards the Soviet Union, the right-wing, headed by Saragat appeared as upholder of other concepts namely Italy's place is in the Western bloc. This essential defference in viewing such a cardinal question — in the days when differences were looked for and similarities neglected — had its counterpart in the attitude to acute internal problems of Italy, Marshall Plan aid, cooperation with other political groups (the Communist Party of Italy or the Christian Democrats), participation in the Government, etc. The period of further aggravation in the political arena brought about a situation in which disagreements turned into an open political



fight whose consequences are felt even today in both parties as well as in the Italian left-wing movement as a mhole.

The events which led to the clearing up of international horizons and lessening of the gulf between blocs, indicating practical possibilities for coexistence even between the sharpest rivals, absacted towards relaxation of tense party relations in Italy while political realism began to gain the upper hand over party passions. The new atmosphere was quite naturally characterized by efforts to find sim larities and points of contact between those political groups which, it anything, are at least theoretically propounding the same or similar aims. Of great significance for the Italian leftwing in this regard was the process which began to evolve in the Communist Party of Italy under the influence of changes in the USSR. The Italian Communist Party also realized a positive evolution in its attitude to the question of cooperation with other left groups.

It was logical to expect that two left groups which grew out of a single organization — the Social Democratic and Socialist Parties — should be the first to manifest the wish for drawing their views closer and thus be the first to realize important contacts. The upholder of this tendency had long been the left current, which has its prominent representative in Matteotti, the party secretary and descendant of the well-known revollutionary. It was Nenni who actively prepared the platform for the talks and who facilitated their materialization in various phases and forms.

The first direct or indirect Matteotti — Nenni contacts which resembled soundings, although they appeared to be conducted without Saragat's sympathies, revealed all the possibilities but also difficulties of cooperation. An identity or similarity of views was revealed in a series of essential questions which refer to the aims and ways of realization of socialist ideas. Differences in the viewing of many important international and internal problems have proved amenable to compromise. But then, two complexes of questions and sub-questions have emerged, connected with one foreign-political and one internal factor — the Atlantic Pact and the Communist Party of Italy. This surprised no one. If the split was originally effected on these lines, it is quite natural that the rapprochement cannot be realized by avoiding them. For the position is still such that the Social Democratic Party supports the Atlantic Pact and opposes cooperation with Communists. while the Nenni followers take quite a contrary position, against the Atlantic Pact and for cooperation with the Communist Party. However, the very examination of these attitudes in discussion and above all the obvious intention to abandon the extreme positions and draw the views closer to each other — showed that any gulfs could be bridged.

If the Matteotti-Nenni phase of negotiations was advantageous in that the points of departure between partners were not so wide apart, in view of the current which Matteotti represents in the Social Democratic Party, it was nonetheless questionable what attitude would be adopted towards possible results by the leader of the party, Saragat, whose concepts are much more opposed to Nenni's. Hence the contacts and negotiations between the Social Democratic Party and the Socialist Party entered the décisive phase as soon as the public learned about the first talks between the two leaders — Nenni and Saragat. This news received a special note from the fact that the initiative for cooperation and later re-integration of the two left socialist parties, was given by the Socialist International. Its representative, functionary of the French Socialist Party, Pierre Commene, came to Italy charged with this mission and has certainly contributed to those encouraging voices which were heared after the Saragat-Nenni meeting. Although it is still clear that the questions of attitude to the Atlantic Pact, cooperation with the Italian Communist Party and participation of Saragat's party in the coalition Government are the soil on which the most important but also the most difficult compromises are to



be made, a number of facts nevertheless indicate that possibilities of cooperation were never so great and so near as they are now. It should be noted here, first of all, that changes have occurred in the attitude of Saragat who until recently viewed sceptically and rejected all contact with Nenni. This is to a great

extent the result of the pressure from the rank and file in the Social Democratic Party who declare themselves for cooperation with Nenni.

Until Togliatti made a statement a few days ago in favour of rapprochement of the socialist groups, the attitude of the Italian Communist Party to this outstanding question was variously interpreted. It was pointed out, for example, that Nenni's rapprochement with the Social Democrats means automatically drawing away from the communists and that the latter could not view this with any approbation. But there were more sensible observers who emphasized that a certain estrangement of Nenni at this moment, constituted of the Italian Communist Party a rapprochement with the Social Democrats and Saragat. An apparent loss can actually constitute the first step towards the rap-prochement of communists and socialists throughout Italy, which would be of undoubted significance for the further strengthening of the left forces. Togliatti's statement, which certainly takes into account other, no less important elements, confirms this clearly. In any case, all such moves on the left in which differences are transcended and contradictions solved, are a positive process. This is primarily the case with the efforts to create cooperation between Italian Socialists and Social Democrats. These endeavours correspond to the general courses of current development and have not only a local but also a broader significance for the international labour movement.

PROBLEM OF CONSOLIDATION IN TUNISIA AND MOROCCO

D. K.

A phenomenon which could best be described as the crisis of consolidation, has become very conspicuous in the former French possessions in North Africa, Morocco and Tunisia, which have recently won political indenpendence while retaining certain ties with their former Metropolis.

The problems which arose in the very first days of Moroccan and Tunisian independence are numerous but basically very similar. Those to be singled out first are the problems which refer to the need for a precise delimitation of competences between the Tunisian and Moroccan Governments on the one hand, and France, as their former master, with whom the so-called "relations of interdependence" remain in force, on the other. Along with this inevitability, there appears the pressing need to build as soon as possible a new administrative system in both countries which would be operated by the native population. It seems that the first attempts made by the Tunisian and Moroccan Governments to solve these questions are meeting with little understanding not only among the "colons", the French settlers in those countries, but also among the members of the French Government.

Burdened with heavy colonial heritages, Morocco and Tunisia are unable to recruit from among the native inteligentsia a sufficient number of capable persons for all branches of state administration, so that the aid of the local French population would be very useful to them. This need is all the more evident as Tunisia, and to a certain extent Morocco, are endeavouring to build their order on modern, European legal foundations. The two North African countries, however, cannot it seems, reckon with such aid at present. Former French civil servats in these countries, dissatisfied with the new state of affairs, are either leaving for France or refusing to cooperate with the new Governments. There are not many of those who accepted the independence of Tunisia and Morocco as a "fait accompli" and decided to join the efforts for the building of the new administration

Nor has the French Government shown the necessary and expected understanding for the initial difficulties in the internal consolidation of Tunisia and Morocco. In this regard Paris is taking a passive attitude, above all because it is displeased with the sympathies shown by the official quarters in Tunisia and Morocco for the struggle of Algerian insurgents, and also because they support Egypt in the Suez crisis. All this recently caused difficulties in Franco-Tunisian negotiations for defining the relation of interdependence, negotiations which are now being resumed.

Nearly the same problems are apprearing in relations between France and Morocco where chiefly for this reason a serious crisis recently arose in the Government coalition.

A special difficulty for the internal consolidation of Tunisia and Morocco is the presence of French troops in those countries, After the agreement on the granting of independence to Tunisia and Morocco, the French troops remained there for two reasons. First to protect French citizens who live there, and second to use these countries ae a base for operations against the Algerian insurgents. It is understandable that these aims of French troops in the countries which have just regained their independence, are bound to provoke discontent and revolt among the native population and the Governments of Morocco and Tunisia must bear this in mind. Taking all this into account, it is not to be wondered at that the main dispute between France and Tunisia is the problem of the withdrawal of French troops and that now the biggest political party in Morocco, Istiqlal is emphatically demanding from the Government to solve, without delay, the same dispute with France. The reason is clear, Political forces in Tunisia and Morocco which have just emerged from the liberation struggle, neither can, nor wish to be indifferent to the general aspirations of the Arab peoples, especially those of their closest neighbours.

In the background of all these problems against which the Governments of Tunisia and Morrocco have to contend, stands the economic crisis which is constantly coming to the fore and threatening the normal development of economic life. In order to give new impetus to the economy which is stagnating due to the methods of colonial administration, the Governments of Tunisia and Morocco must exert all their efforts to ensure a rapid development of their countries' economies. But for this they lack financial means and technically trained personnel. It would be quite logical if the French side were to help them in this regard. But, the French Government, it seems, is not prepared to extend any significant economic assistance to Tunisia and Morocco. Nor are the French economic quarters showing any wish to invest capital in former French oversees possessions. To make things worse, considerable part of French capital invested in Tunisia and Morocco is being withdrawn back to France. Under such conditions Tunisia and Morocco have to consider the possibility of attracting foreign capital, but here again they encounter serious difficulties in view of the solidarity of Western powers which, together with France, have definite interests in North Africa and are in fear of unforeseen activities of the liberated peoples.

When, in dealing with such problems, they cannot expec aid from abroad, and when obstacles are being put in their way in this respect, the Governments of Tunisia and Morocco are obliged to rely on their own forces. In this regard Tunisia and Morocco are not in the same situatio. Tunisia has a united political movement, Neodestur, which, having emerged from the libe' ration struggle as victor, found enough strength to take imme diate steps for the settlement of the most pressing problems o the country. Thus the Government of Premier Bourguiba, after only a few months of activity, nationalised the property of religious institutions, reformed the old Tunis University, established secular law courts and prohibited polygamy. With these actions realizing the programme of social modernization of the country, the new Government broke the religious and village conservatism and cleared the way for further progress. There is no doubt that Bourguiba succeeded in taking these steps above all because he kept the Neodestur movement intact, although some more radica elements, headed by Salah ben Yussuf, seceded from it.

The position of the Moroccan Government in facing the country's difficulties after liberation is quite different. It is a ho_ mogeneous Government, operating as in Tunis, for reconstruction and development of the country, but a coalition Government consisting of representatives of Istiglal, the strongest and radical party, which contributed the greatest efforts for the liberation of the country, and representatives of the Keid and other feudal and landowning groups which originally cooperated with the French authorities. It is quite understandable that such a Government should have been unable to ensure legal security in the country, let alone approach the solution of such important problems as economic development, defining of Moroccan-French relations of inter-dependence and, in this connection, removal of French troops from the Moroccan territory or the revision of Franco-American agreement on the use of military bases in Morocco by the American troops, and so on.

In its endeavours to approach at long last the settlement of the country's urgent problems, Istiqlal, which together with the Moroccan trade union movement, exercises the strongest influence en Moroccan cities, primarily among the city workers, recently

came in conflict with the hurriedly organized local parties of Keid and landowners. The representatives of these parties in Government coalition resist the demands of Istiqlal for the imdiate solving of the country's economic and social problems above all for carrying out the land reform and improving living conditions of workers in the cities. Fearing that Istiqlal resolutely stressing such demands, may find itself in a positio set up a government of its own, all the other political growently formed the so-called Democratic Front with the other preventing this possibility.



It is not certain whether the hastily organized resistal Istiqlal's progressive tendencies, will be maintained much long without being detrimental to the basic interests of the newly-lighted country. It seems, to all intents and purposes, that Moro too needs a solidly organized political force such as only Istician offer. Developments in this direction can be postponed, only at the expense of the internal, political and economic, conlidation of Morocco.



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